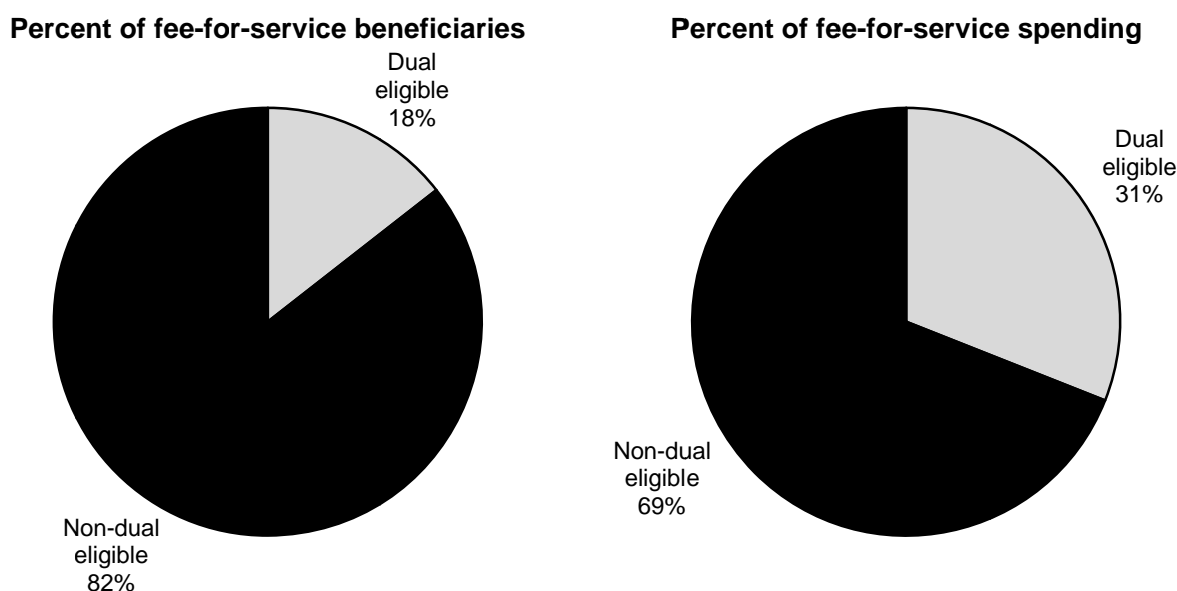


SECTION

3

**Dual-eligible
beneficiaries**

Chart 3-1. Dual-eligible beneficiaries account for a disproportionate share of Medicare spending, 2007

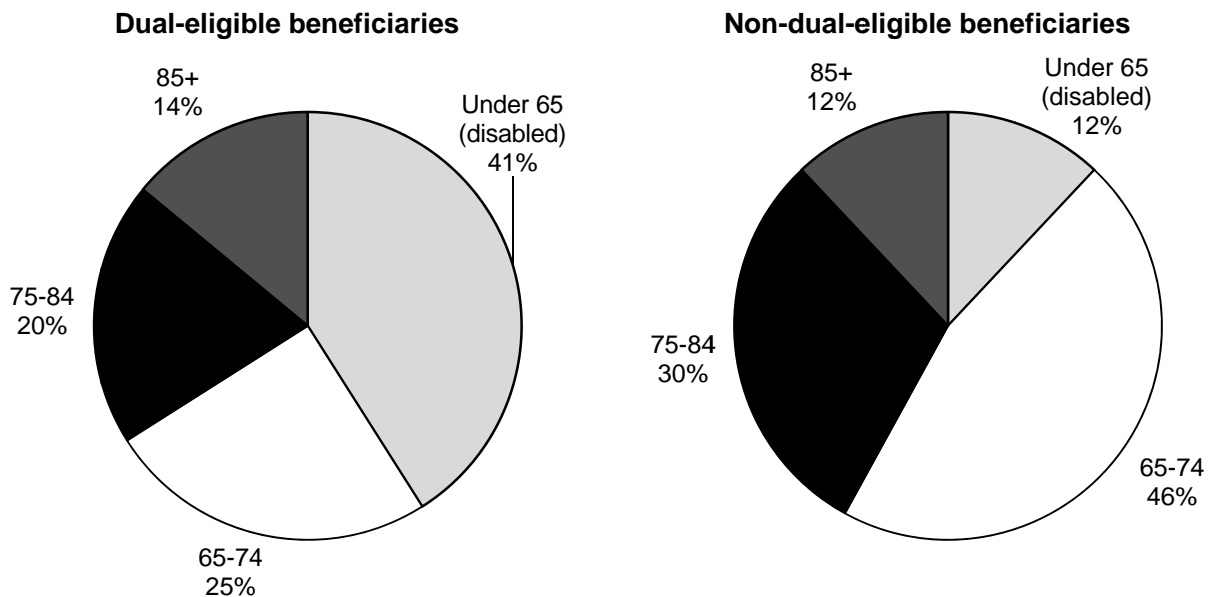


Note: Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Spending data reflect revised 2007 Medicare Current Beneficiary Survey Cost and Use file from CMS.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- Dual-eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help low-income persons obtain needed health care.
- Dual-eligible beneficiaries account for a disproportionate share of Medicare expenditures: As 18 percent of the Medicare fee-for-service population, they represent 31 percent of aggregate Medicare fee-for-service spending.
- On average, dual-eligible beneficiaries incur 2.1 times as much annual fee-for-service Medicare spending as non-dual-eligible beneficiaries: \$16,512 is spent per dual-eligible beneficiary, and \$7,823 is spent per non-dual-eligible beneficiary.
- In 2007, average total spending—which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending across all payers—for dual-eligible beneficiaries was about \$28,500 per beneficiary, twice the amount for other Medicare beneficiaries.

Chart 3-2. Dual-eligible beneficiaries are more likely than non-dual eligibles to be disabled, 2007

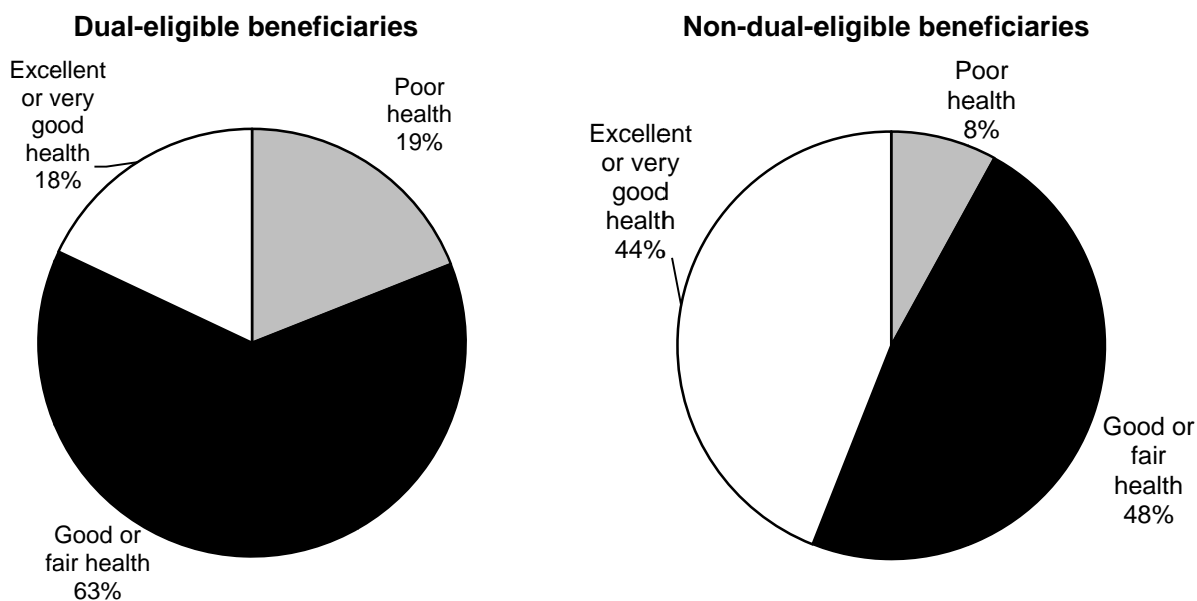


Note: Beneficiaries who are under age 65 qualify for Medicare because they are disabled. Once disabled beneficiaries reach age 65, they are counted as aged. Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance.

Source: MedPAC analysis of revised Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to be under age 65 and disabled. Forty-one percent of dual-eligible beneficiaries are under age 65 and disabled, compared with 12 percent of the non-dual-eligible population.

Chart 3-3. Dual-eligible beneficiaries are more likely than non-dual eligibles to report poorer health status, 2007



Note: Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to report poorer health status. Most report good or fair status, but 19 percent of the dual-eligible population reports being in poor health (compared with 8 percent of the non-dual-eligible population).
- Dual-eligible beneficiaries are more likely to have cognitive impairment and mental disorders. They also have higher rates of diabetes, pulmonary disease, stroke, and Alzheimer's disease than do non-dual-eligible beneficiaries.

Chart 3-4. Demographic differences between dual-eligible beneficiaries and non-dual eligibles, 2007

Characteristic	Percent of dual-eligible beneficiaries	Percent of non-dual-eligible beneficiaries
Sex		
Male	37%	46%
Female	63	54
Race/ethnicity		
White, non-Hispanic	58	82
African American, non-Hispanic	18	8
Hispanic	14	7
Other	10	4
Limitations in ADLs		
No ADLs	46	72
1–2 ADLs	24	19
3–6 ADLs	30	9
Residence		
Urban	70	77
Rural	30	22
Living arrangement		
Institution	20	2
Alone	27	26
Spouse	15	46
Children, nonrelatives, others	30	13
Education		
No high school diploma	53	22
High school diploma only	24	32
Some college or more	19	46
Income status		
Below poverty	48	8
100–125% of poverty	21	6
125–200% of poverty	22	19
200–400% of poverty	6	37
Over 400% of poverty	1	29
Supplemental insurance status		
Medicare or Medicare/Medicaid only	93	11
Medicare managed care	3	24
Employer	1	38
Medigap	0	20
Medigap/employer	0	6
Other*	3	1

Note: ADL (activity of daily living). Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for other supplemental insurance. Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2007, poverty was defined as income of \$10,590 for people living alone and \$13,540 for married couples. Totals may not sum to 100 percent due to rounding and exclusion of an “other” category. *Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

Source: MedPAC analysis of revised Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- Dual-eligible beneficiaries qualify for Medicaid due to low incomes: Forty-eight percent live below the poverty level, and 91 percent live below 200 percent of poverty. Compared with non-dual-eligible beneficiaries, dual-eligible beneficiaries are more likely to be female; to be African American or Hispanic; to lack a high school diploma; to have greater limitations in activities of daily living; to reside in a rural area; and to live in an institution (20 percent vs. 2 percent), alone, or with persons other than a spouse.

Chart 3-5. Differences in spending and service use rate between dual-eligible beneficiaries and non-dual eligibles, 2007

Service	Dual-eligible beneficiaries	Non-dual-eligible beneficiaries
Average Medicare payment for all beneficiaries		
Total Medicare payments	\$16,512	\$7,823
Inpatient hospital	5,369	2,751
Physician*	2,884	2,294
Outpatient hospital	1,647	886
Home health	752	379
Skilled nursing facility**	1,160	484
Hospice	403	153
Prescribed medication***	4,262	852
Percent of beneficiaries using service		
Percent using any type of service	95.0%	87.0%
Inpatient hospital	29.0	18.4
Physician*	90.0	84.0
Outpatient hospital	74.3	62.2
Home health	12.3	8.0
Skilled nursing facility**	9.4	4.4
Hospice	4.1	1.8

Note: Includes only fee-for-service Medicare beneficiaries. Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Spending totals derived from the Medicare Current Beneficiary Survey (MCBS) do not necessarily match official estimates from CMS, Office of the Actuary. Total payments may not equal the sum of line items as some minor items have been omitted. Spending data reflect revised 2007 Medicare Current Beneficiary Survey Cost and Use file from CMS.

*Includes a variety of medical services, equipment, and supplies.

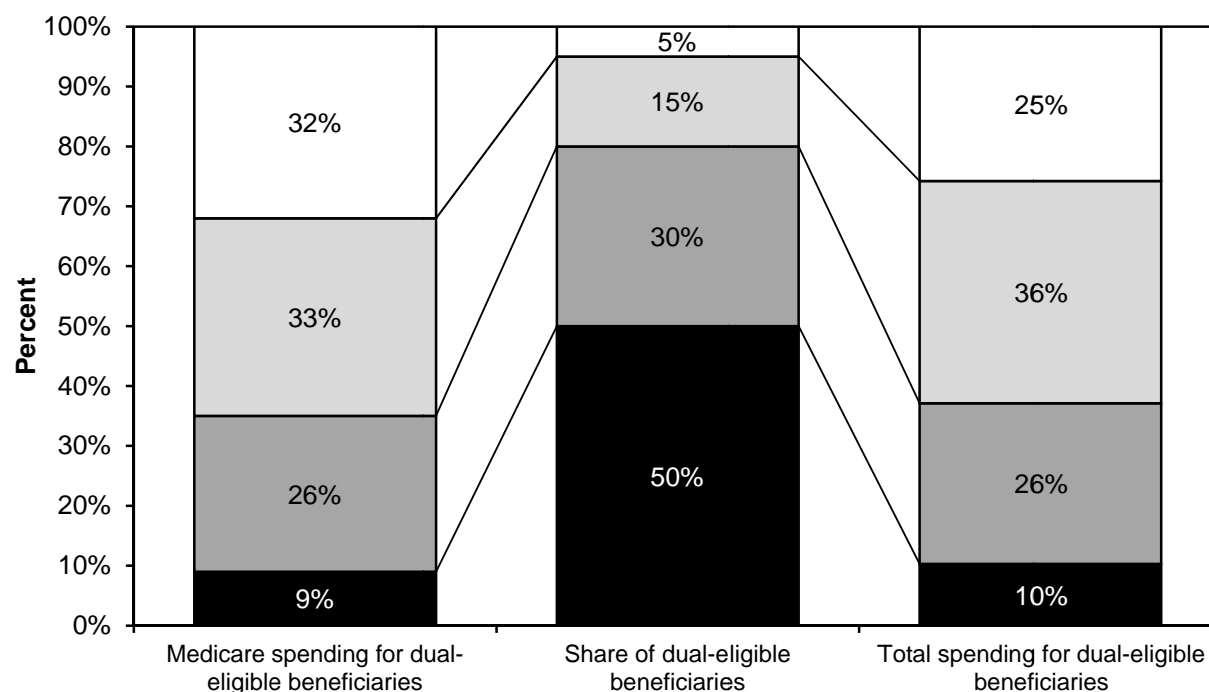
**Individual short-term facility (usually skilled nursing facility) stays for the Medicare Current Beneficiary Survey population.

***CMS changed the methodology for collecting prescription drug data in the MCBS in 2007. Before 2007, all prescription drug data were based on information collected in the survey; however, starting in 2007, CMS began collecting prescription drug data for the MCBS from Medicare Advantage—Prescription Drug plans and prescription drug plans.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- Average per capita Medicare spending for dual-eligible beneficiaries is more than twice that for non-dual-eligible beneficiaries—\$16,512 compared with \$7,823.
- For each type of service, average Medicare per capita spending is higher for dual-eligible beneficiaries than for non-dual-eligible beneficiaries.
- Higher average per capita spending for dual-eligible beneficiaries is a function of a higher service use rate and greater intensity of use than their non-dual-eligible counterparts.
- Dual-eligible beneficiaries are more likely to use each type of Medicare-covered service than non-dual-eligible beneficiaries.

Chart 3-6. Both Medicare and total spending are concentrated among dual-eligible beneficiaries, 2007



Note: Total spending includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending. Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Totals may not sum to 100 percent due to rounding. Spending data reflect revised 2007 Medicare Current Beneficiary Survey Cost and Use file from CMS.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use files, 2007.

- Annual Medicare spending is concentrated among a small number of dual-eligible beneficiaries. The costliest 20 percent of dual eligibles account for 65 percent of Medicare spending and 61 percent of total spending on dual-eligible beneficiaries. In contrast, the least costly 50 percent of dual-eligible beneficiaries account for only 9 percent of Medicare spending and 10 percent of total spending on dual-eligible beneficiaries.
- On average, total spending for dual-eligible beneficiaries is twice that for non-dual-eligible beneficiaries—\$28,518 compared with \$14,204.

Web links. Dual-eligible beneficiaries

- Chapter 5 of the MedPAC June 2011 Report to the Congress provides information on dual-eligible beneficiaries.

http://medpac.gov/chapters/Jun11_Ch05.pdf

- Chapter 5 of the MedPAC June 2010 Report to the Congress provides further information on dual-eligible beneficiaries.

http://medpac.gov/chapters/Jun10_Ch05.pdf

- The Kaiser Family Foundation provides information on dual-eligible beneficiaries.

<http://www.kff.org/medicaid/duals.cfm>

- Further information on dual eligibles is available from the CMS Medicare–Medicaid Coordination Office.

http://www.cms.gov/medicare-medicare-coordination/01_overview.asp?

